

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6662**

**BILL NUMBER: SB 420**

**DATE PREPARED:** Jan 16, 2001

**BILL AMENDED:**

**SUBJECT:** Insurance Coverage for Police Reserve Officers.

**FISCAL ANALYST:** Bernadette Bartlett

**PHONE NUMBER:** 232-9586

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill requires a city, a town, and a county to provide life, accident, and sickness insurance for the unit's police reserve officers. This bill provides that the insurance policy must provide a weekly benefit for total disability of not less than \$250 for a maximum of 260 weeks. It provides that a unit's insurance policy must pay a police reserve officer not less than \$150,000 if the officer becomes totally and permanently disabled for a continuous period of not less than 260 weeks as a result of an injury that occurred in the performance of the officer's duties. It also provides that a policy of insurance purchased by a unit may provide for: (1) the extension of the weekly benefit amount for total disability after the expiration of 260 weeks for the life of the officer with or without the benefits for partial and permanent disability; and (2) the coordination of the officer's other benefits where a disability prevents a member from performing any reasonable employment. The bill requires (rather than allows) a police reserve officer to be covered by the medical treatment and burial expense provisions of the worker's compensation law and the worker's occupational diseases law.

**Effective Date:** January 1, 2002.

**Explanation of State Expenditures:** The Workers Compensation Board would experience minimal administrative expense due to the provisions of this bill. However, the Board should be able to cover any additional expenses given its current budget.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill requires that all units provide insurance for police reserve officers: (1) for medical payments under workers compensation; and (2) insurance premiums for the minimum benefit levels specified. There are approximately 2,800 reserve officers in the state and it is unknown how many currently have medical or disability insurance. This bill may change the premiums paid by those units whose benefits are below that currently specified. The following factors apply in the fiscal

impact for local units required to pay for insurance under this bill.

*Workers Compensation Premium:* The bill provides coverage similar to that provided for salaried employees by the Workers Compensation Board. Based on 1999 data, coverage for police officers for medical and burial benefits was \$0.88 per \$100 salary. Since reserve officers are unsalaried, an adaptation for volunteer coverage (applied in other insurance volunteer cases) is to provide insurance for the salary the reserve officer would have been paid for the service. For example, units would pay \$194 to \$325 annually for full-time officers making \$22,000 to \$37,000 a year. Under this scenario, the premium could be assessed based on the time spent in reserve duties. Based on this assumption, a unit might pay \$48 to \$81 annually for each reserve officer who works ten hours a week. Workers compensation is also the primary insurance for all medical expenses related to job injuries (before other medical insurance would take over).

*Additional Medical, Disability and Death Coverage:* The bill provides for additional medical coverage as well as benefits for total disability and death during the performance of reserve officer duties. Based on discussion with insurance providers with some experience in insuring police officers, premium estimates vary due to the following: (1) amount of time reservists serve on duty; (2) the total number of reservists to be insured in each jurisdiction; and (3) lack of experience in insuring reserve officers. Premiums quoted ranged from \$200 up to \$3,000 per person in 1999 for the benefits stated in this bill.

*Local Insurance Coverage Examples:* The following provides three local insurance comparisons based on 1999 data.

*Volunteer Firefighter Coverage:* Quoted rates for 22,000 volunteer firefighters in Indiana for similar benefits listed in this bill require an annual premium of \$112 per volunteer firefighter for total disability (this does not include the added medical or death benefit).

*County Sheriff and Town Police Examples:* County health benefits for single Clark County salaried employees, including the sheriff's department (31 FT officers/50 reservists), are \$170 annually for medical and death (\$15,000) benefits. The Crawfordsville Police Department (28 FT officers/26 reservists) currently does carry workers compensation, as well as other insurance for reserve officers: medical benefits (up to \$10,000), disability (\$300 weekly for up to 52 weeks) and death (\$75,000) at an annual premium cost of \$1,000.

### **Explanation of Local Revenues:**

#### **State Agencies Affected:**

**Local Agencies Affected:** Local law enforcement agencies.

**Information Sources:** Charlie Burch, Indiana Law Enforcement Training Academy (317) 839-5191; Mike Ward, Indiana Chiefs of Police (317) 816-1619; Troy Fornof & Mark LeFever, Provident Insurance (800) 447-0360; Tim Downey, Tim Downey Insurance, (800) 382-8837; Chief David Johnson, Crawfordsville Police Department, (765) 362-3762; Margie Hommel, Clark County Auditors Office (812) 285-6211; Mike McCormick, McCormick and Mesker Insurance (765) 362-3795; Ron Cooper, Indiana Compensation Rating Bureau (317) 842-2800; Mike McNally, Worker's Compensation Board, (317) 233-3384; Mark Webb, Public Employees Retirement Fund, (317) 233-4137.